

# The Current Recession and Impacts in the Louisville Region

*Crisis or correction?*

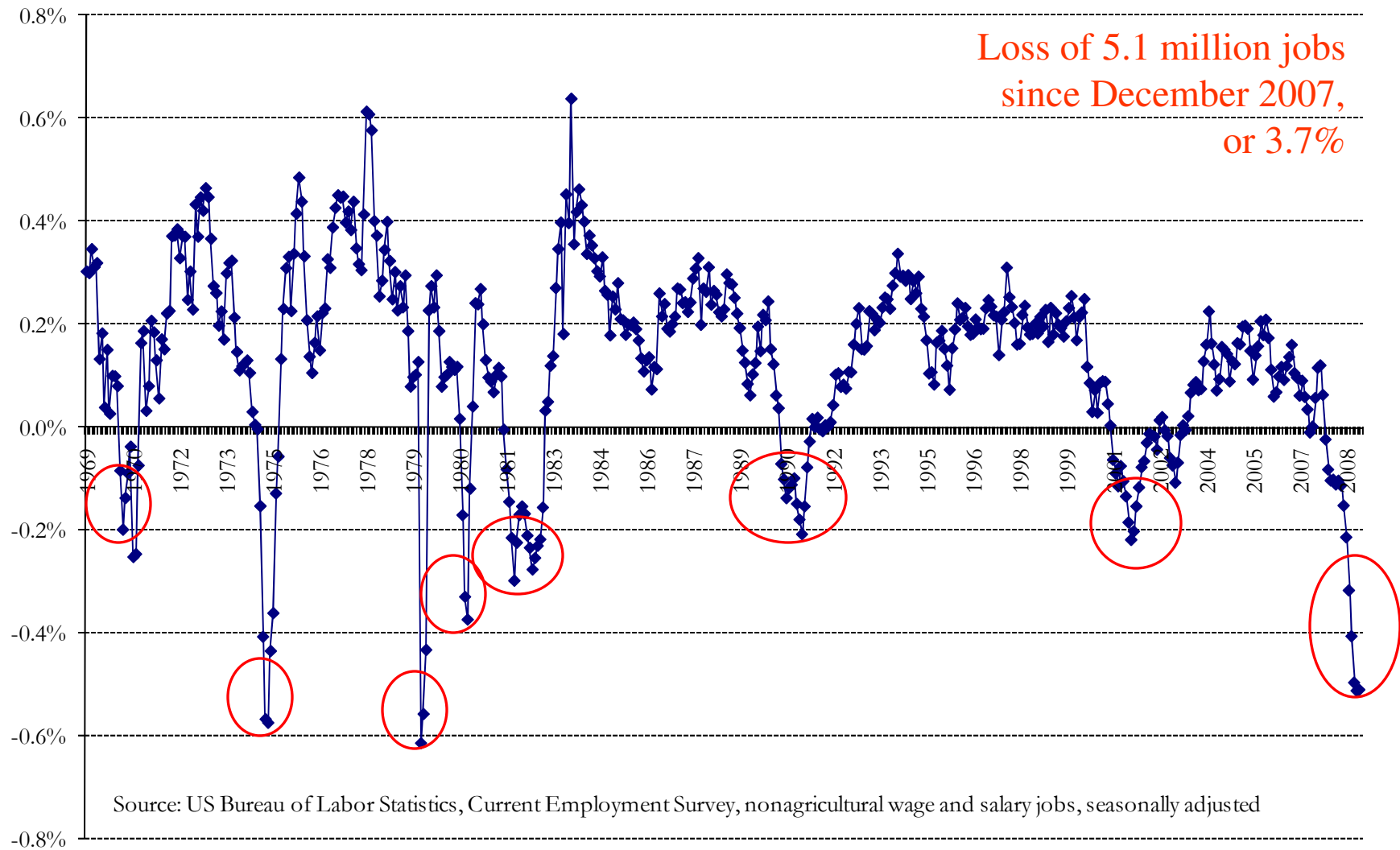


Louisville Metro Council

by

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University of Louisville  
May 6, 2009

Monthly Growth in United States Jobs, 1969 to 2009 (Mar)  
smoothed 3-month moving average



# THE WALL STREET JOURNAL.

*January 20, 2009*

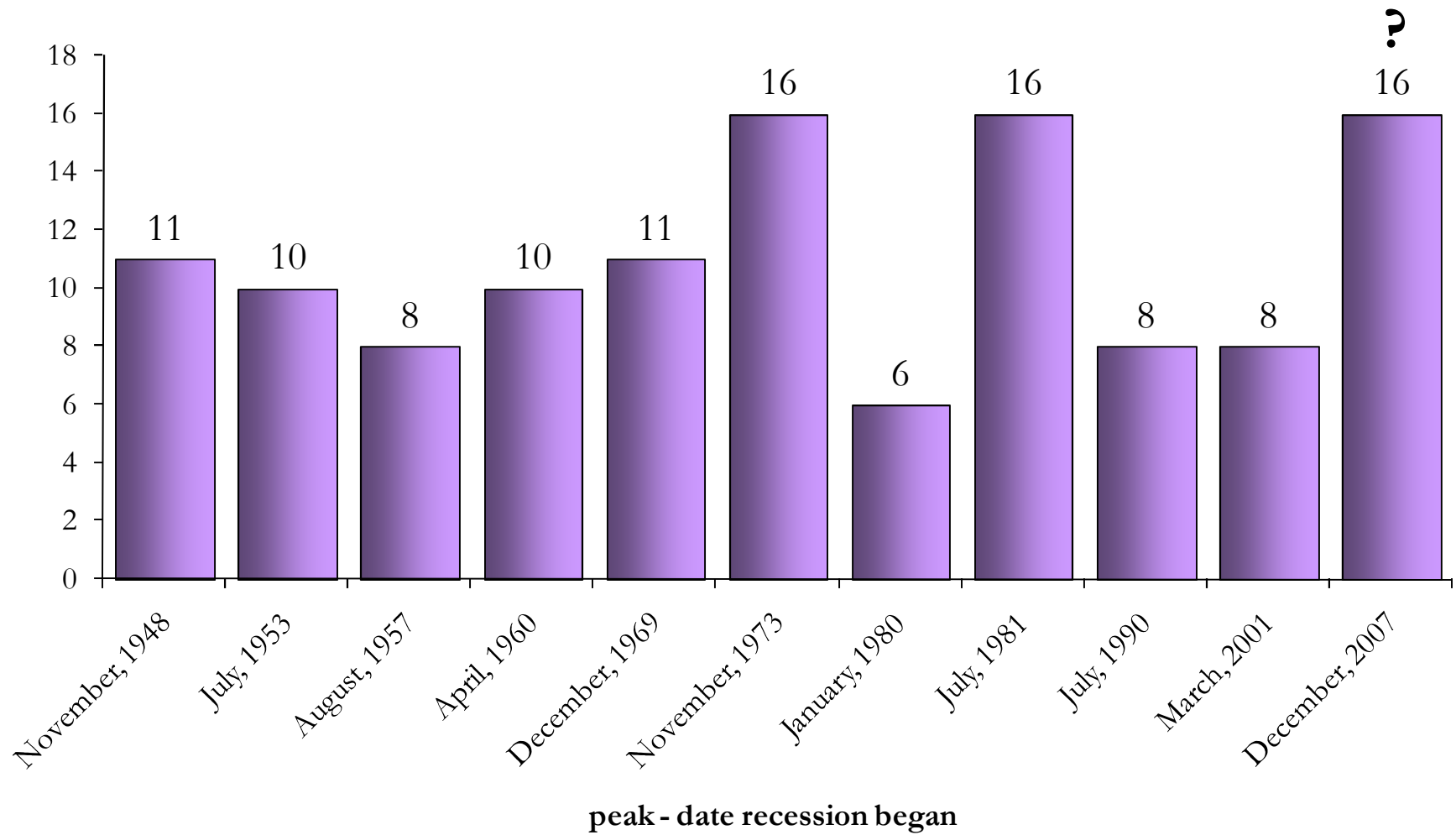
Front page, top headline, first paragraph

## **Obama to Call for a New Era of Responsibility**

by Laura Meckler and Jonathan Weisman

Washington - Americans poured into the nation's capital to celebrate the inauguration of the first black president with parties and parades. But with the U.S. in its worst economic crisis since the Depression and at war on two fronts, Barack Obama was expected to embrace a new culture of responsibility when he takes office at noon.....

**Length of post-WWII Recessions, from NBER**  
(months from peak to trough)



# Crisis?

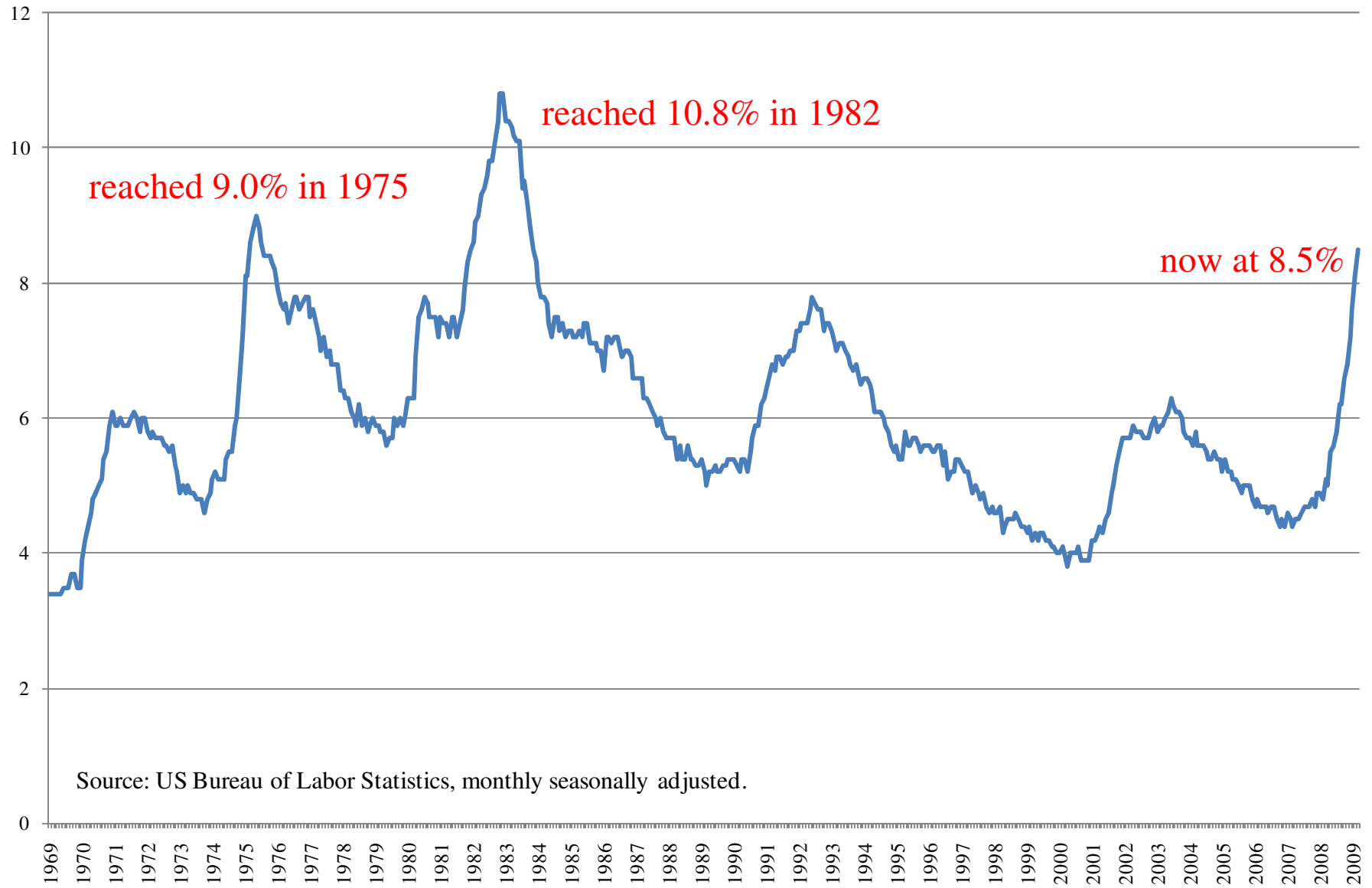
	Major Recessions since Depression		
	1973-75	1981-82	2007-
Unemployment rate, % of labor force (highest month)	9.0	10.8	8.5
% change in jobs, peak to trough	-1.6	-3.1	-3.7
% of adults employed (lowest month)	55.8	57.1	59.9
% change in real GDP, peak to trough	-3.1	-2.6	-2.4
Inflation rate, year-over-year %, CPI (highest month)	12.3	10.8	5.6
Interest rate % on 30-yr mortgages (highest month)	9.79	18.45	6.48
Real price of oil per barrel, 1975\$ (highest month)	\$11.75	\$21.15	\$32.94

# Crisis?

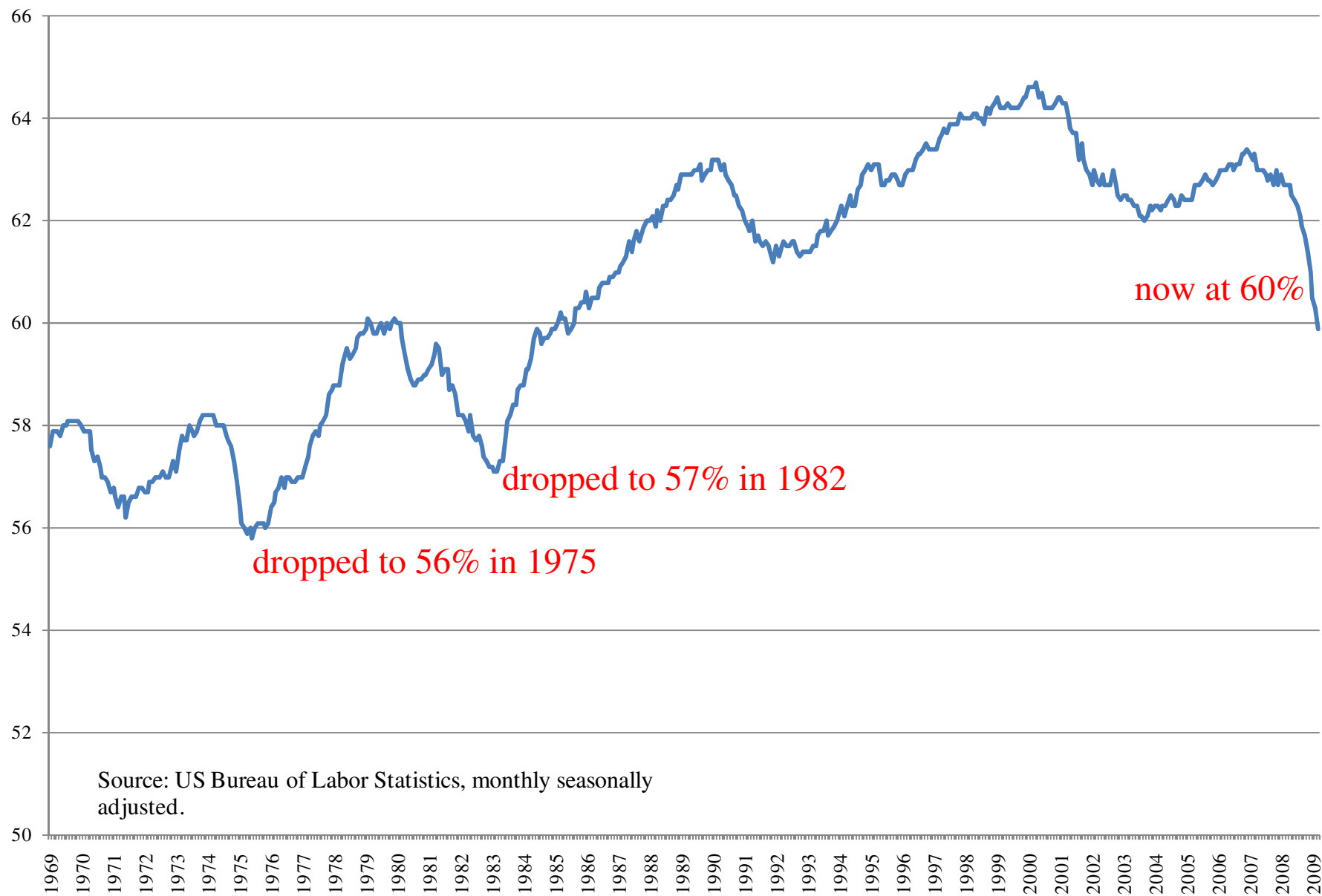
	Major Recessions since Depression		
	1973-75	1981-82	2007-
Dow Jones Industrial Average, lowest monthly close	607.9	808.6	7,062.9
US Home ownership rate, highest quarter	64.4	65.6	68.1
Homes (occupied) per 1,000 residents	330	361	385
Households with high-speed internet access	0%	0%	41%
US cell phone subscriptions	0.0	0.1 million	230 million
Percent of adults with a college degree	13.9	17.8	28.7
Life expectancy at birth	71.4	74.1	77.9

## Unemployment Rate

percent of labor force unsuccessfully seeking work

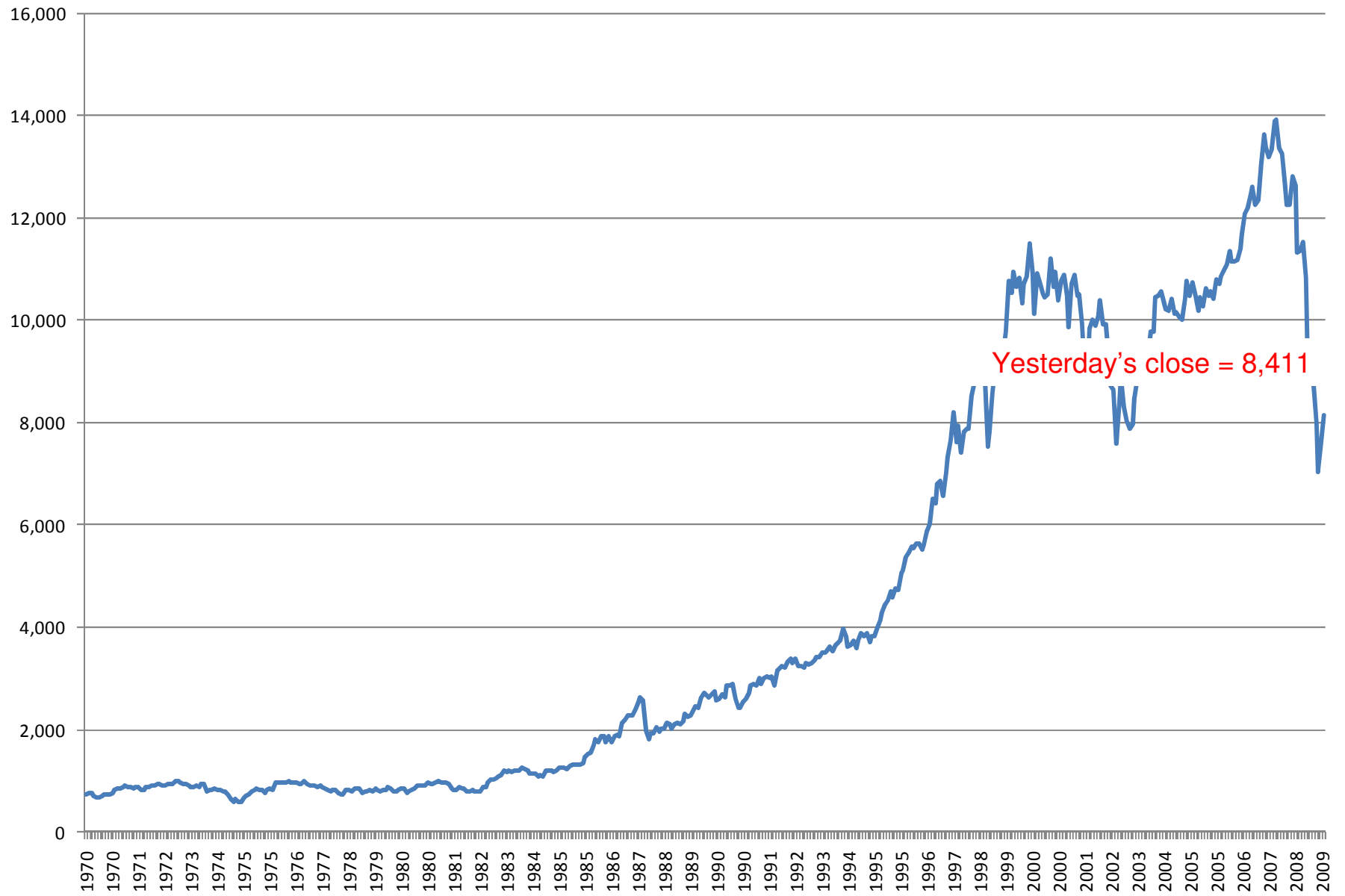


## Percent of Adult Population Employed





**Dow Jones Industrial Average, monthly closing, 1970 to 2009 (April)**

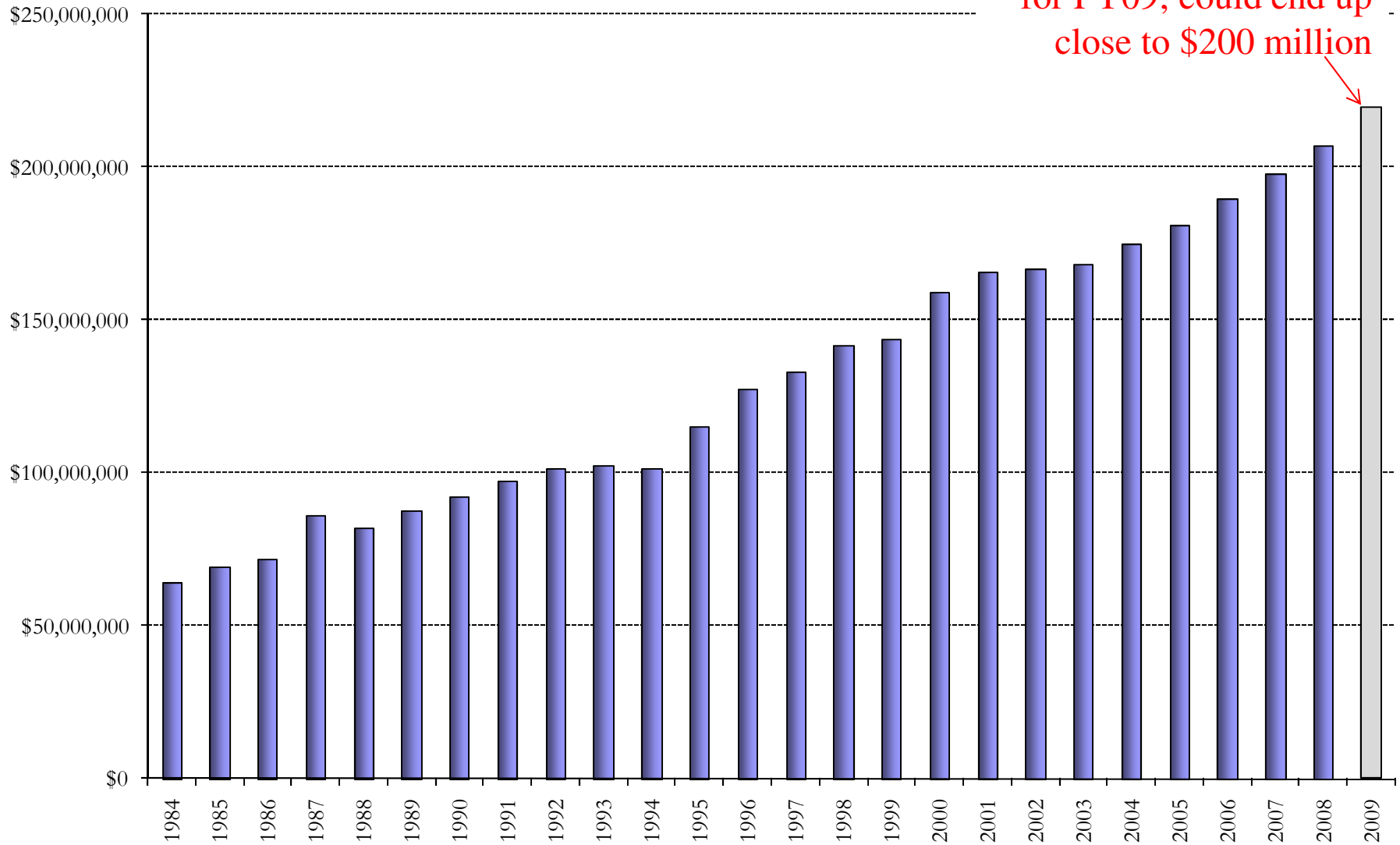


# State and Local Governments

- In contrast to most media reports of “budget crisis”, Kentucky General Fund receipts are the same this fiscal year as last (July to March)
- Kentucky individual income tax receipts are up 1.3% so far this fiscal year, sales taxes are down 0.1%, coal severance taxes are up 31%, corporate profit taxes are down 39%
- Louisville occupational taxes are down 2.3% so far this fiscal year (July to March), net profits are up 14% (but biggest month – April – not released yet)

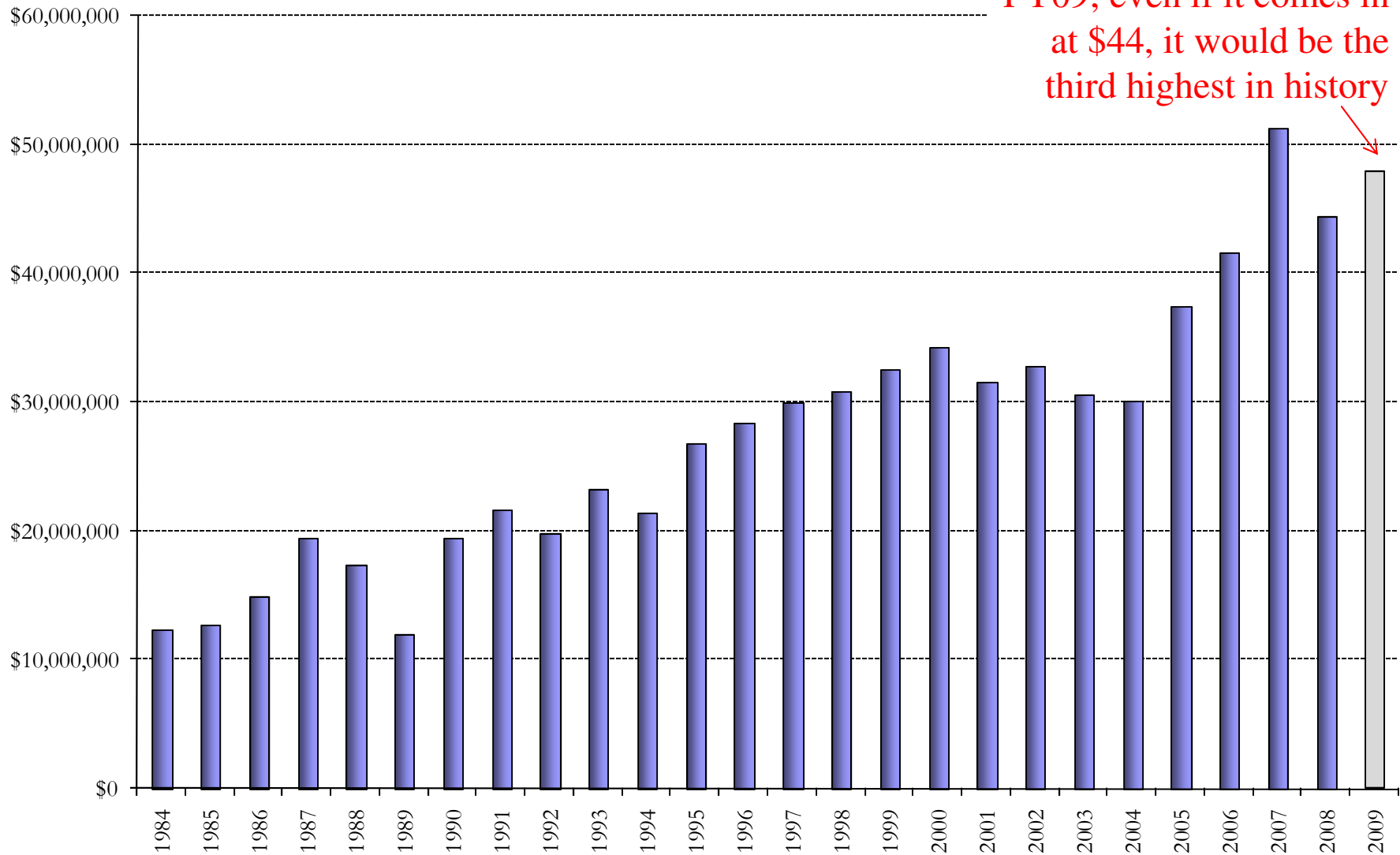
**Occupational Tax Collections, Fiscal Years  
City & County Governments**

**Budgeted \$219.6 million  
for FY09; could end up  
close to \$200 million**

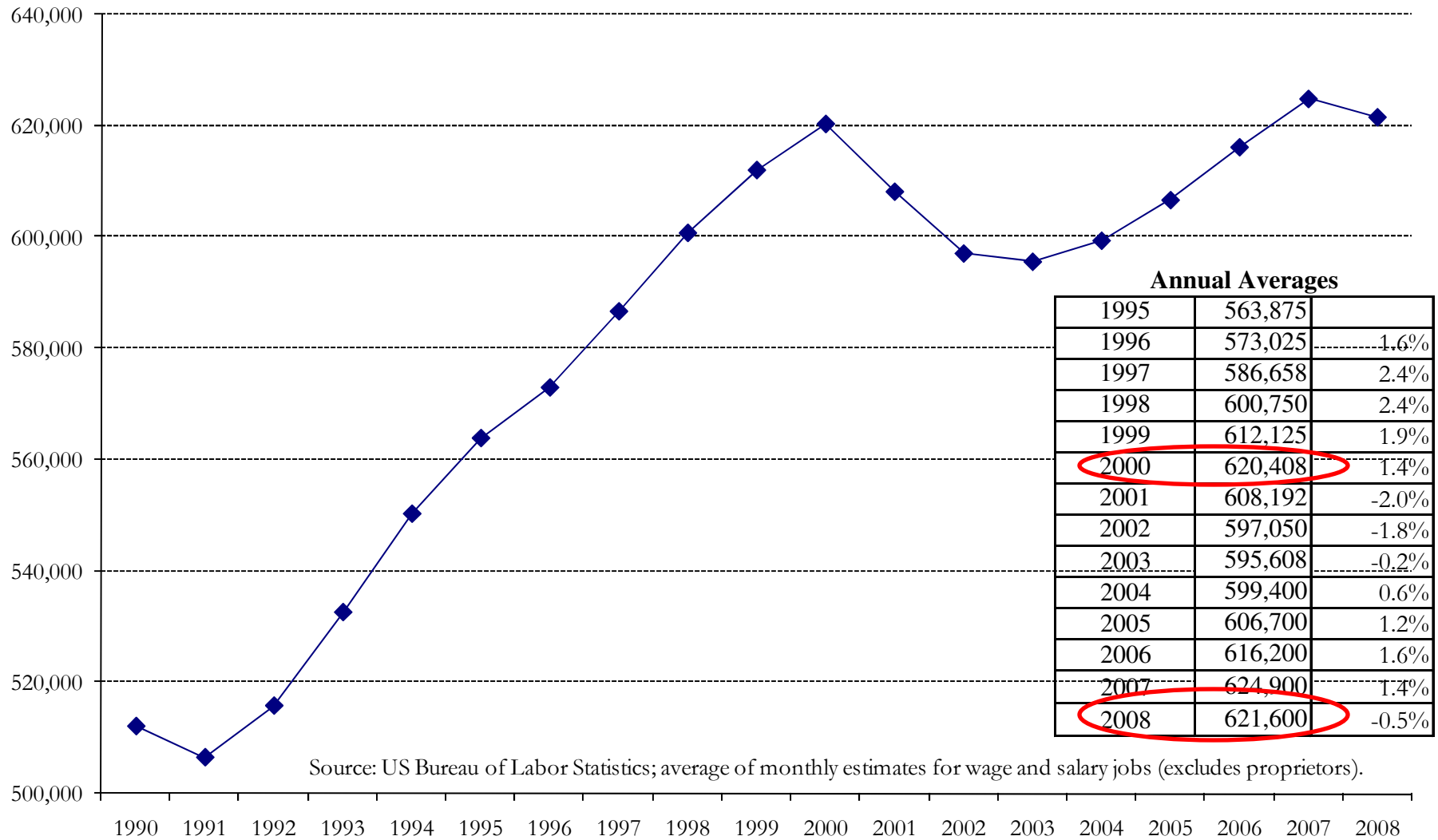


**Net Profits Tax Collections, Fiscal Years  
City & County Governments**

**Budgeted \$48 million for  
FY09; even if it comes in  
at \$44, it would be the  
third highest in history**



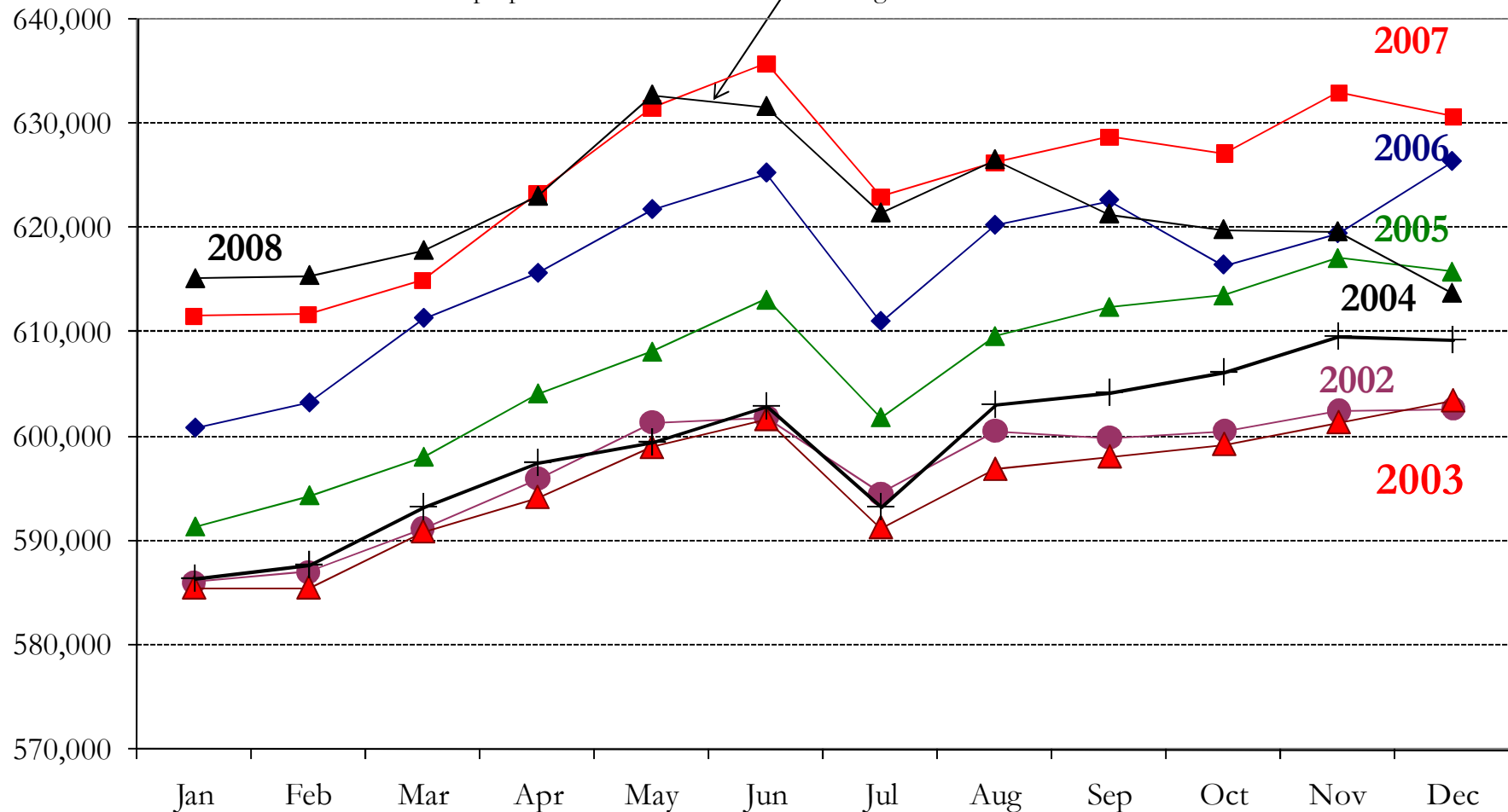
## Total Wage and Salary Jobs, Louisville MSA



Job growth stalled in late Spring 2008

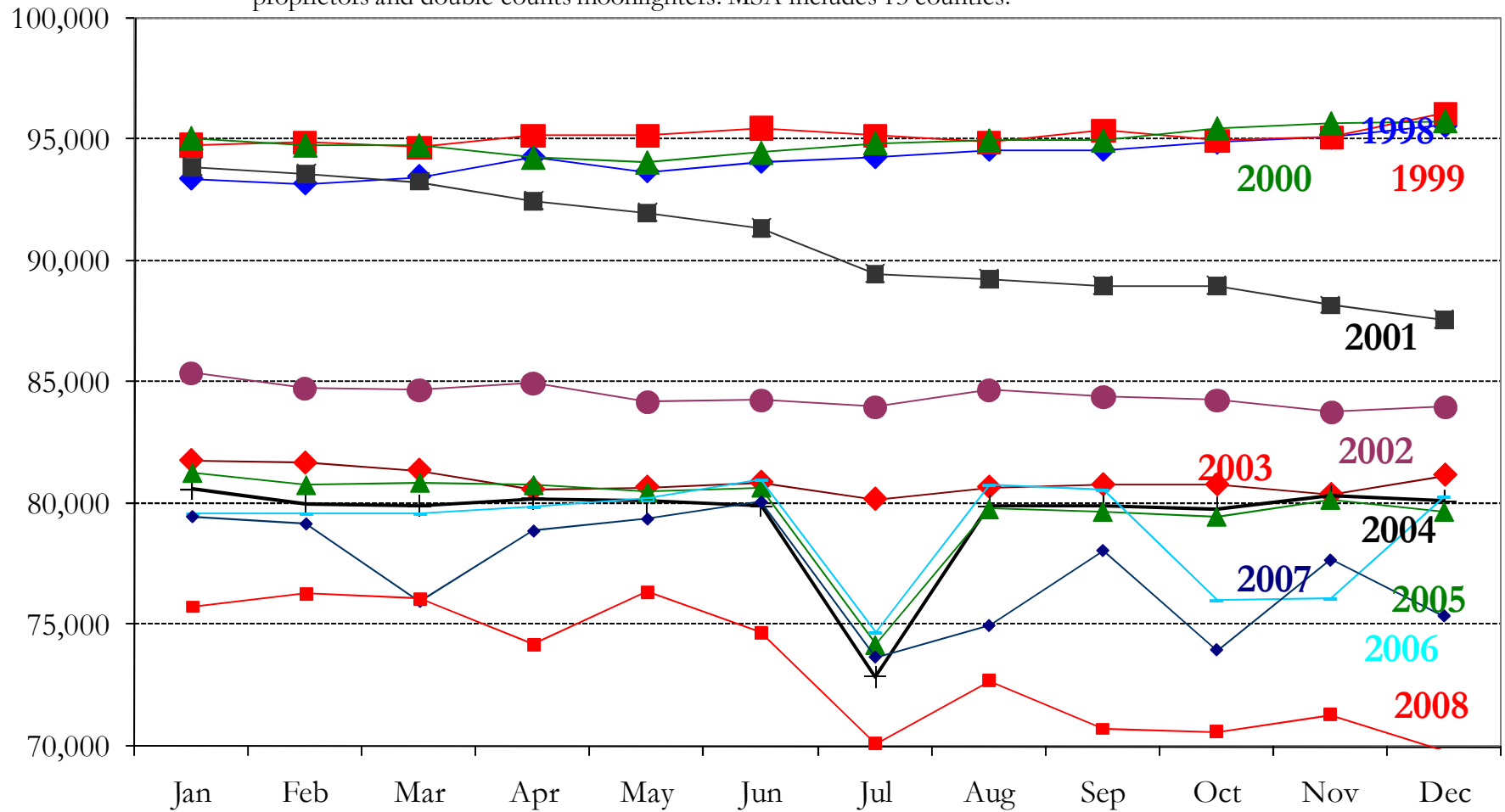
## Total Nonagricultural Wage and Salary Jobs by Month Louisville MSA

Source: US Bureau of Labor Statistics. Estimates for nonagricultural wage and salary jobs only;  
excludes proprietors and double counts moonlighters. MSA with 13 counties.



## Manufacturing Jobs by Month Louisville MSA

Source: US Bureau of Labor Statistics. Estimates for nonagricultural wage and salary jobs only; excludes proprietors and double counts moonlighters. MSA includes 13 counties.



# Job Growth this Decade

Job Growth in Louisville MSA, 2000 to 2008

Sector	2000	2006	2007	2008	Growth, 8 years		Growth, 1 year	
Construction & Mining	34,000	33,600	33,900	33,900	-100	-0.3%	0	0.0%
Manufacturing	95,000	79,000	77,300	73,200	-21,800	-22.9%	-4,100	-5.3%
Wholesale Trade	31,400	30,200	30,300	30,100	-1,300	-4.1%	-200	-0.7%
Retail Trade	70,300	65,200	65,400	64,400	-5,900	-8.4%	-1,000	-1.5%
Transportation and Utilities	41,800	41,600	44,300	43,000	1,200	2.9%	-1,300	-2.9%
Information	12,400	10,200	10,500	10,700	-1,700	-13.7%	200	1.9%
Financial Activities	37,600	41,900	43,400	43,400	5,800	15.4%	0	0.0%
Professional and Business Services	66,300	71,600	73,700	74,000	7,700	11.6%	300	0.4%
Educational and Health Services	66,300	76,800	78,400	80,200	13,900	21.0%	1,800	2.3%
Leisure and Hospitality	58,800	59,100	59,900	60,500	1,700	2.9%	600	1.0%
Other Services	29,300	28,100	28,000	27,600	-1,700	-5.8%	-400	-1.4%
Government	77,300	79,100	79,800	80,600	3,300	4.3%	800	1.0%
<b>Total nonfarm</b>	<b>620,400</b>	<b>616,200</b>	<b>624,900</b>	<b>621,600</b>	<b>1,200</b>	<b>0.2%</b>	-3,300	-0.5%

Source: US Bureau of Labor Statistics. Estimates for nonagricultural wage and salary jobs; 2008 estimates are preliminary.

Almost no net job growth this decade

national trend

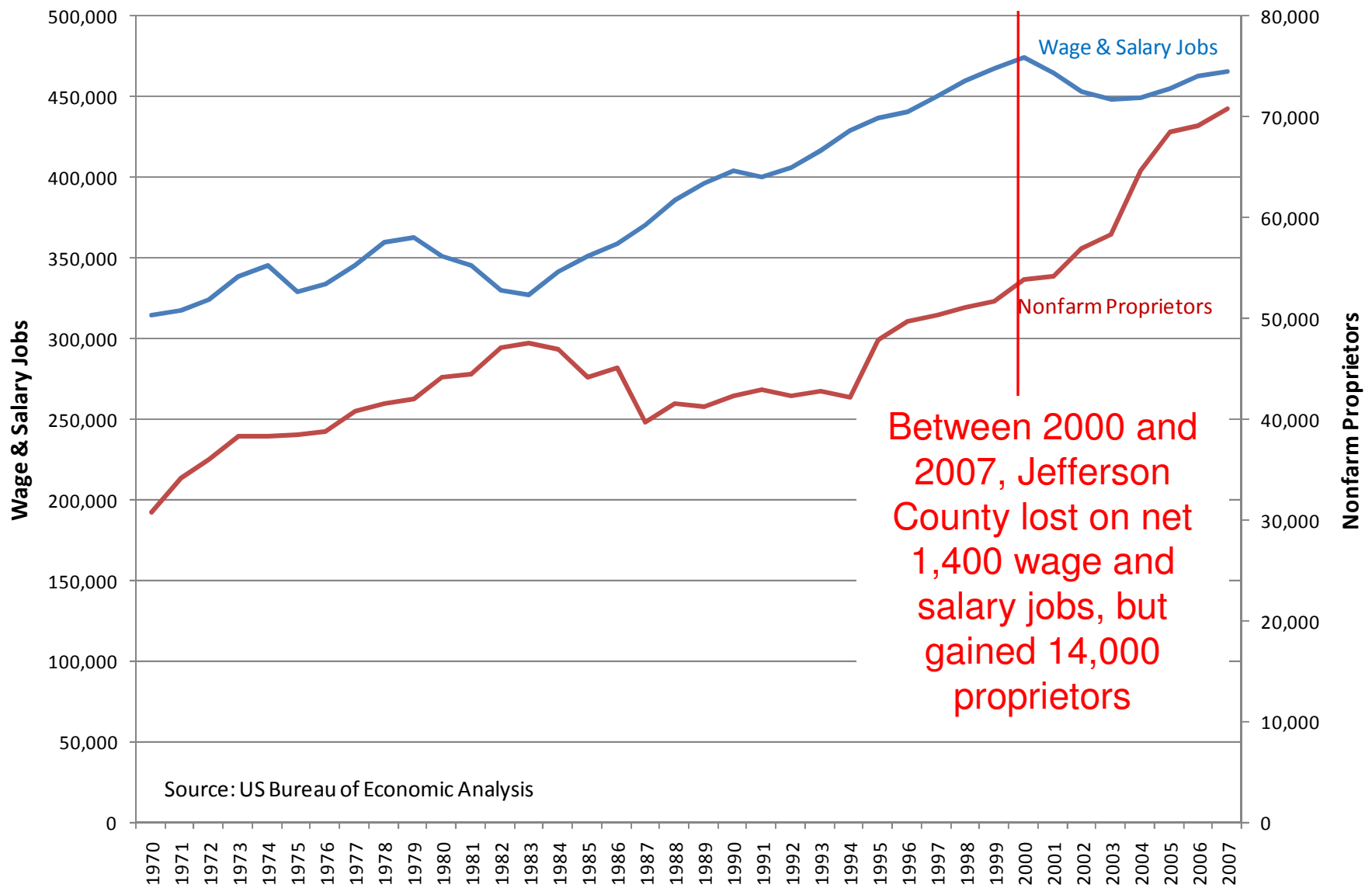
IT productivity

good news

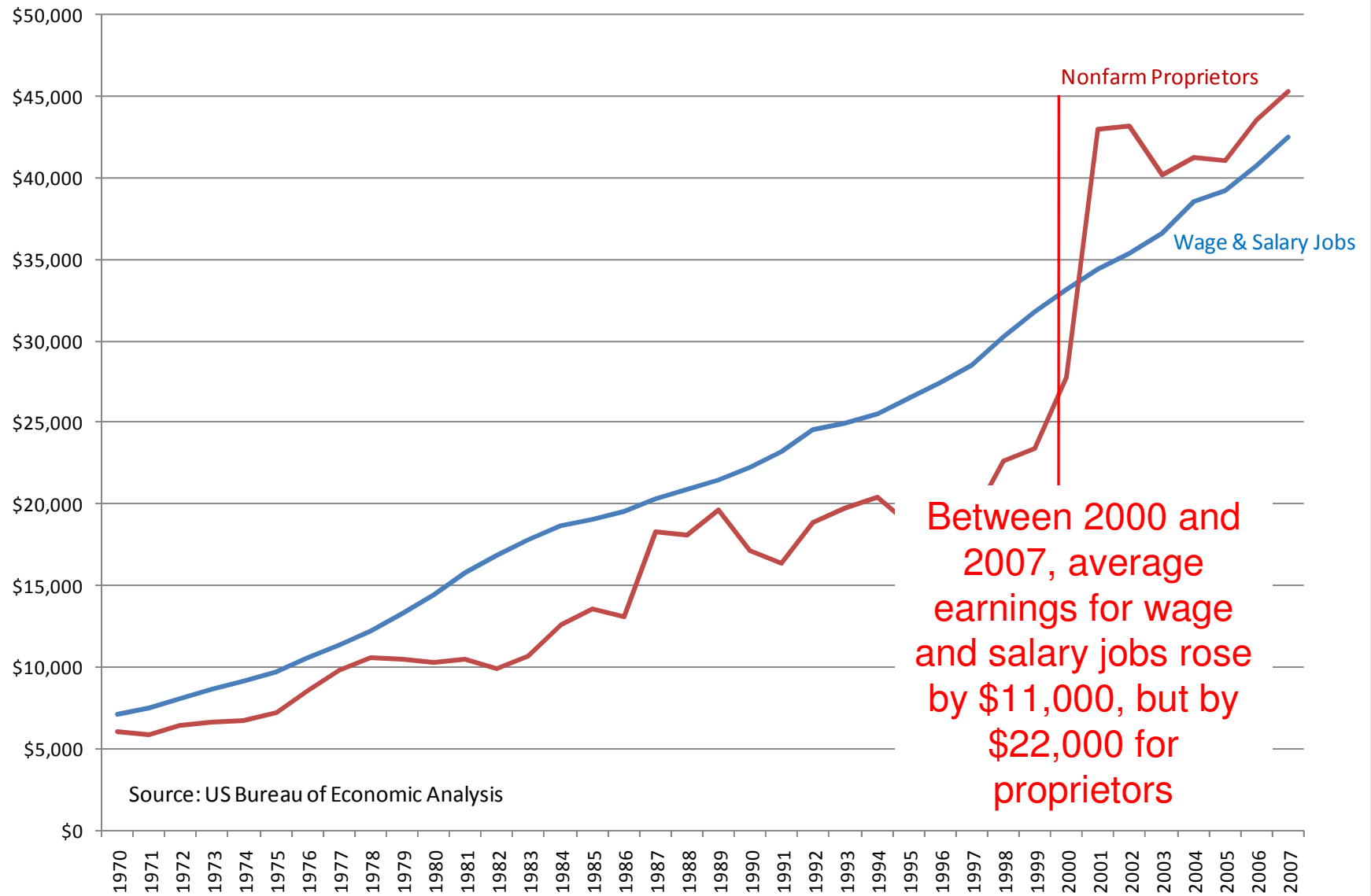
Government (public teachers) and health care fast growing sectors in 2008



## Growth in Wage & Salary Jobs vs. Nonfarm Proprietors, Jefferson County, 1970 to 2007

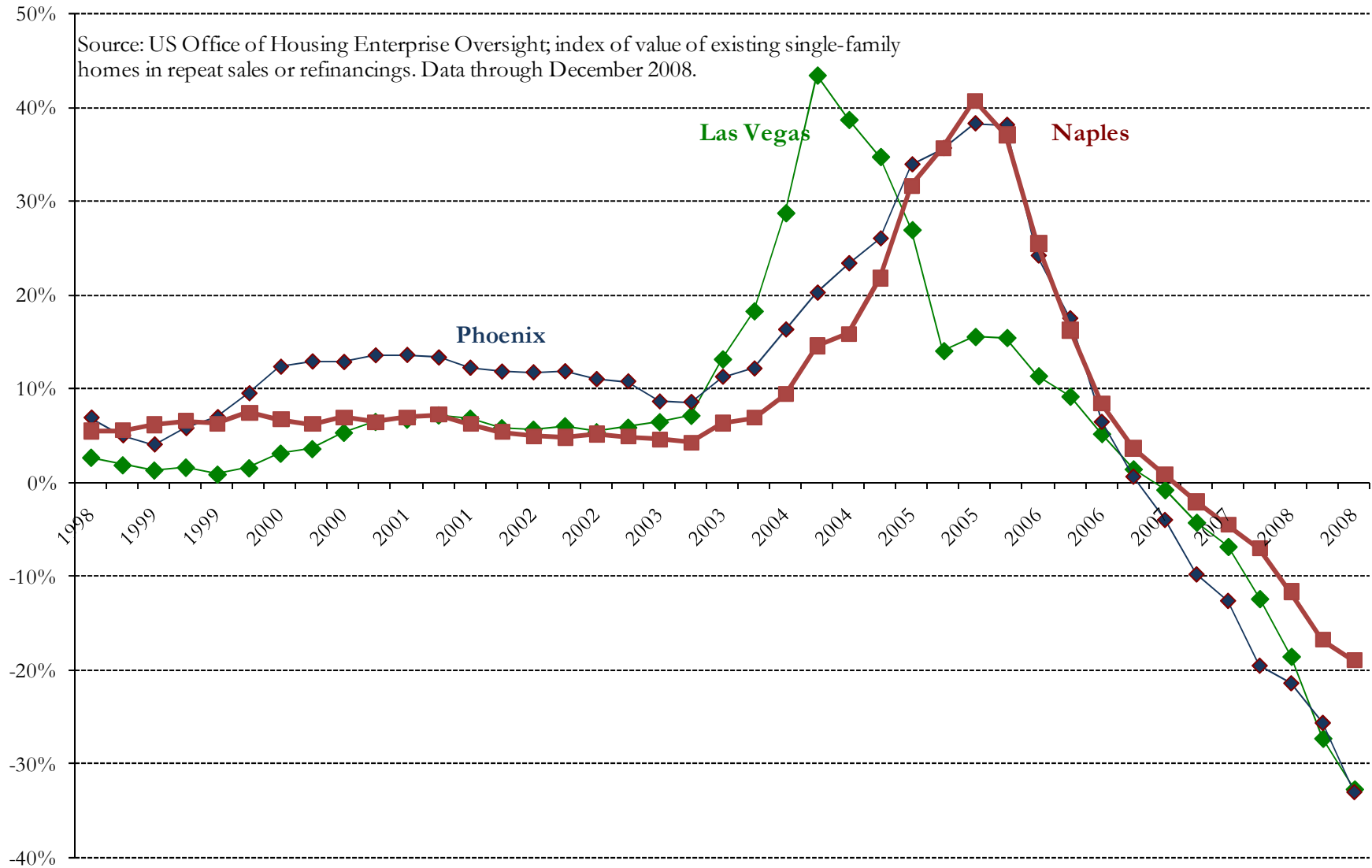


## Average Annual Earnings per Job and Proprietor, Jefferson County, 1970 to 2007



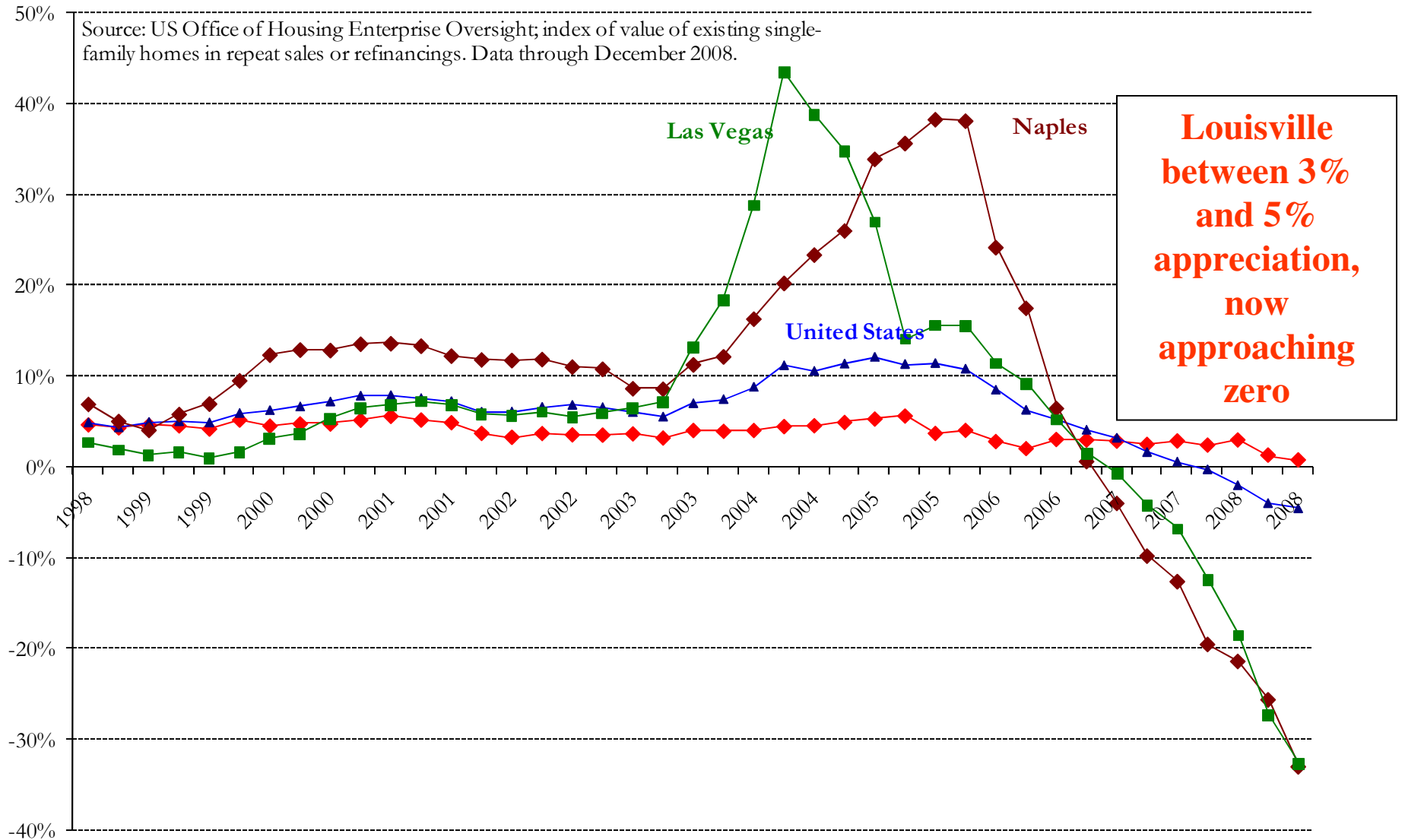
## Annual Home Price Appreciation, Last Decade by Quarter

Source: US Office of Housing Enterprise Oversight; index of value of existing single-family homes in repeat sales or refinancings. Data through December 2008.



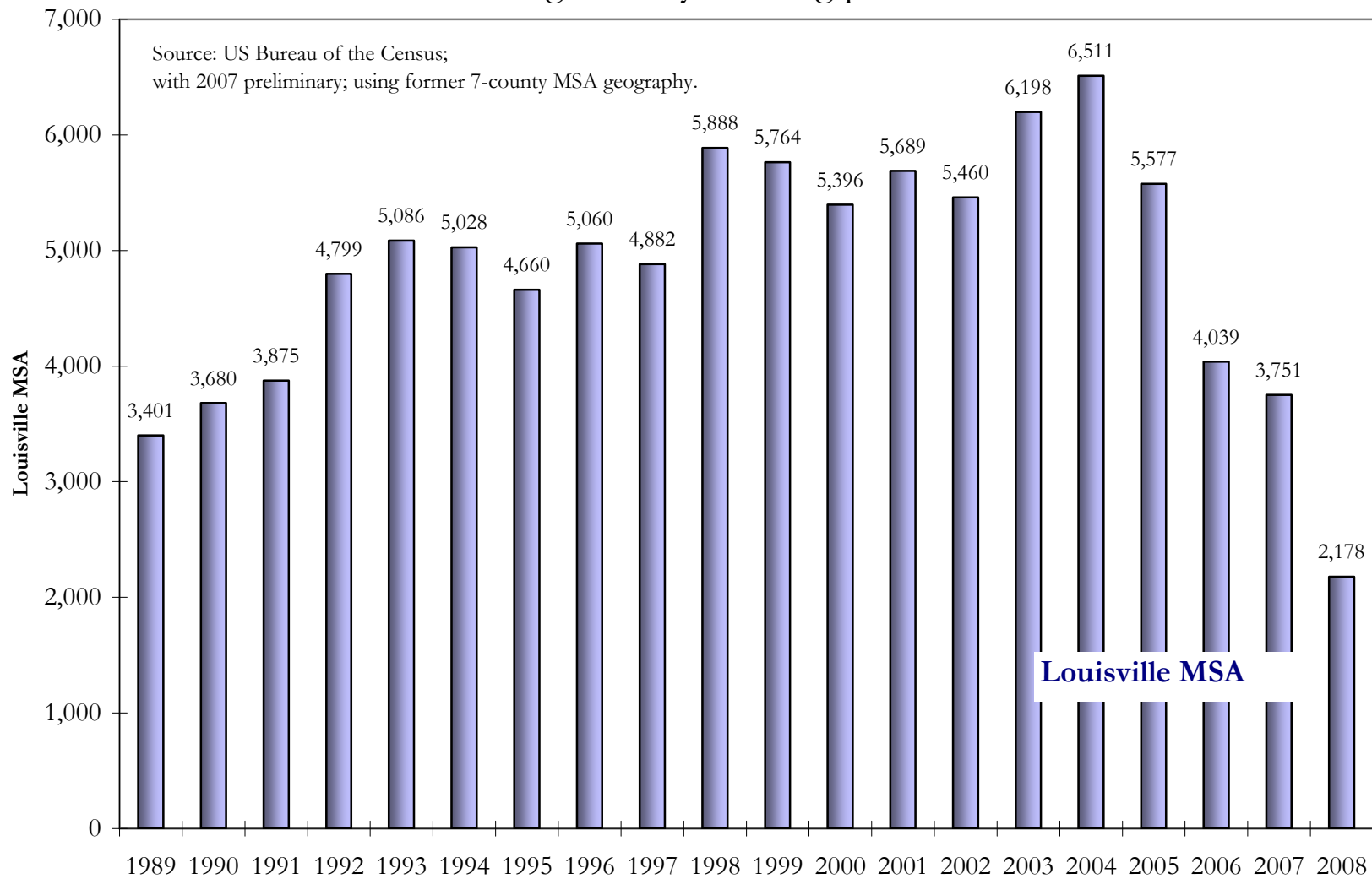
## Annual Home Price Appreciation, Last Ten Years by Quarter

Source: US Office of Housing Enterprise Oversight; index of value of existing single-family homes in repeat sales or refinancings. Data through December 2008.



## Housing Starts, Louisville MSA vs. United States

single family building permits



*for research reports, see*

**<http://monitor.louisville.edu>**

